



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
HENRY COUNTY SHERIFF**

Calendar Year 1999

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

HENRY COUNTY G. R. DOWNEY, SHERIFF CALENDAR YEAR 1999 FEE AUDIT

On June 23, 2000, fieldwork was completed on the 1999 fee audit of the Henry County Sheriff. An unqualified opinion was rendered on the financial statement. There were no instances of noncompliance nor were there any reportable conditions.

Deposits

The Sheriff's deposits were fully insured or collateralized during calendar year 1999.

Occupational License Fee Account

The account had receipts and disbursements of \$1,246 during calendar year 1999 and \$0 balance as of December 31, 1999.

Drug Abuse Resistance Education Account

The former Sheriff Ray Powell had \$831 in his DARE account as of December 31, 1998. This account should have been transferred to the current Sheriff G. R. Downey when he took office on January 1, 1999. However, former Sheriff Ray Powell made a contribution of \$831 to the Kentucky Historical Society, which was an inappropriate disbursement for the DARE account.

Excess Fees

The Sheriff paid fiscal court \$70,489 of excess fees for calendar year 1999.

Fee Account Financial Position.

Adequate funds were available to pay all 1999 obligations.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Tommy Bryant, Henry County Judge/Executive
Honorable G. R. Downey, Henry County Sheriff
Members of the Henry County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Henry County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Tommy Bryant, Henry County Judge/Executive
Honorable G. R. Downey, Henry County Sheriff
Members of the Henry County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated June 23, 2000, on our consideration of the County Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 23, 2000

HENRY COUNTY
G. R. DOWNEY, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

State Grants - KLEFPF	\$	7,614
State Fees For Services:		
Finance and Administration Cabinet		16,540
Circuit Court Clerk:		
Sheriff Security Service	\$	20,295
Fines and Fees Collected		25,580
		<u>5,285</u>
Fiscal Court		14,045
County Clerk - Delinquent Taxes		3,515
Commission On Taxes Collected		140,580
Fees Collected For Services:		
Auto Inspections	\$	4,645
Accident and Police Reports		15
Serving Papers		14,297
Return of Fugitive		20,035
		<u>1,078</u>
Other:		
Occupational License Fee Commission	\$	132
Sheriff's 10% Fees		23,422
Louden Sale		1,112
Carrying Concealed Deadly Weapon Permits		4,060
Miscellaneous		28,928
		<u>202</u>
Interest Earned		5,211
Borrowed Money:		
State Advancement		40,954
		<u>40,954</u>
Gross Receipts (Carried Forward)	\$	303,002

HENRY COUNTY
 G. R. DOWNEY, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Gross Receipts (Brought Forward) \$ 303,002

Disbursements

Operating Disbursement:

Personnel Services-

Deputies' Gross Salaries	\$ 76,404	
Part-Time Gross Salaries	19,355	
Overtime Gross Salaries	<u>11,910</u>	\$ 107,669

Contracted Services-

Advertising	\$ 1,649	
Vehicle Maintenance and Repairs	<u>2,971</u>	4,620

Materials and Supplies-

Office Materials and Supplies	\$ 5,459	
Uniforms	2,144	
Radios and Repairs	<u>2,261</u>	9,864

Auto Expense-

Gasoline		4,693
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Other Charges-

Refunds	\$ 40	
Conventions and Travel	614	
Boys and Girls	294	
Dues	445	
Carrying Concealed Deadly Weapon Permits	1,560	
Return of Fugitive	1,033	
Postage	3,724	
Training	543	
Phone	1,463	
Louden Sale	212	
Miscellaneous	<u>1,146</u>	11,074

HENRY COUNTY
 G. R. DOWNEY, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Disbursements (Continued)

Operating Disbursements:

Debt Service:

State Advancement	\$ 40,954	
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Total Disbursements		\$ 178,874
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Net Receipts		\$ 124,128
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Less: Statutory Maximum		53,639
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Excess Fees Due County for Calendar Year 1999		\$ 70,489
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Payments to County Treasurer - March 7, 2000	\$ 70,087	
June 21, 2000	402	70,489

Balance Due at Completion of Audit		\$ 0
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The accompanying notes are an integral part of the financial statement.

HENRY COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent through June 30, 1999, and 7.28 percent from July 1, 1999 to December 31, 1999. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.85 percent through June 30, 1999 and 17.55 percent from July 1, 1999 to December 31, 1999.

HENRY COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Drug Abuse Resistance Education Account

The former Sheriff Ray Powell had \$831 in his DARE account as of December 31, 1998. This account should have been transferred to the current Sheriff G. R. Downey when he took office on January 1, 1999. The former Sheriff Ray Powell made a contribution of \$831 to the Kentucky Historical Society which was an inappropriate disbursement of the DARE account.

Note 5. Occupational License Fee Account

The Sheriff has an account for occupational license fees. The license fees collected are paid to fiscal court and the commissions are paid to the Sheriff's fee account. The license fee account had receipts and disbursements of \$1,246 for calendar year 1999.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Tommy Bryant, Henry County Judge/Executive
Honorable G. R. Downey, Henry County Sheriff
Members of the Henry County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Henry County Sheriff as of December 31, 1999, and have issued our report thereon dated June 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Henry County Sheriff's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Henry County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Tommy Bryant, Henry County Judge/Executive
Honorable G. R. Downey, Henry County Sheriff
Members of the Henry County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 23, 2000

